



The “Railpolitik” of Sino-African Infrastructure Cooperation

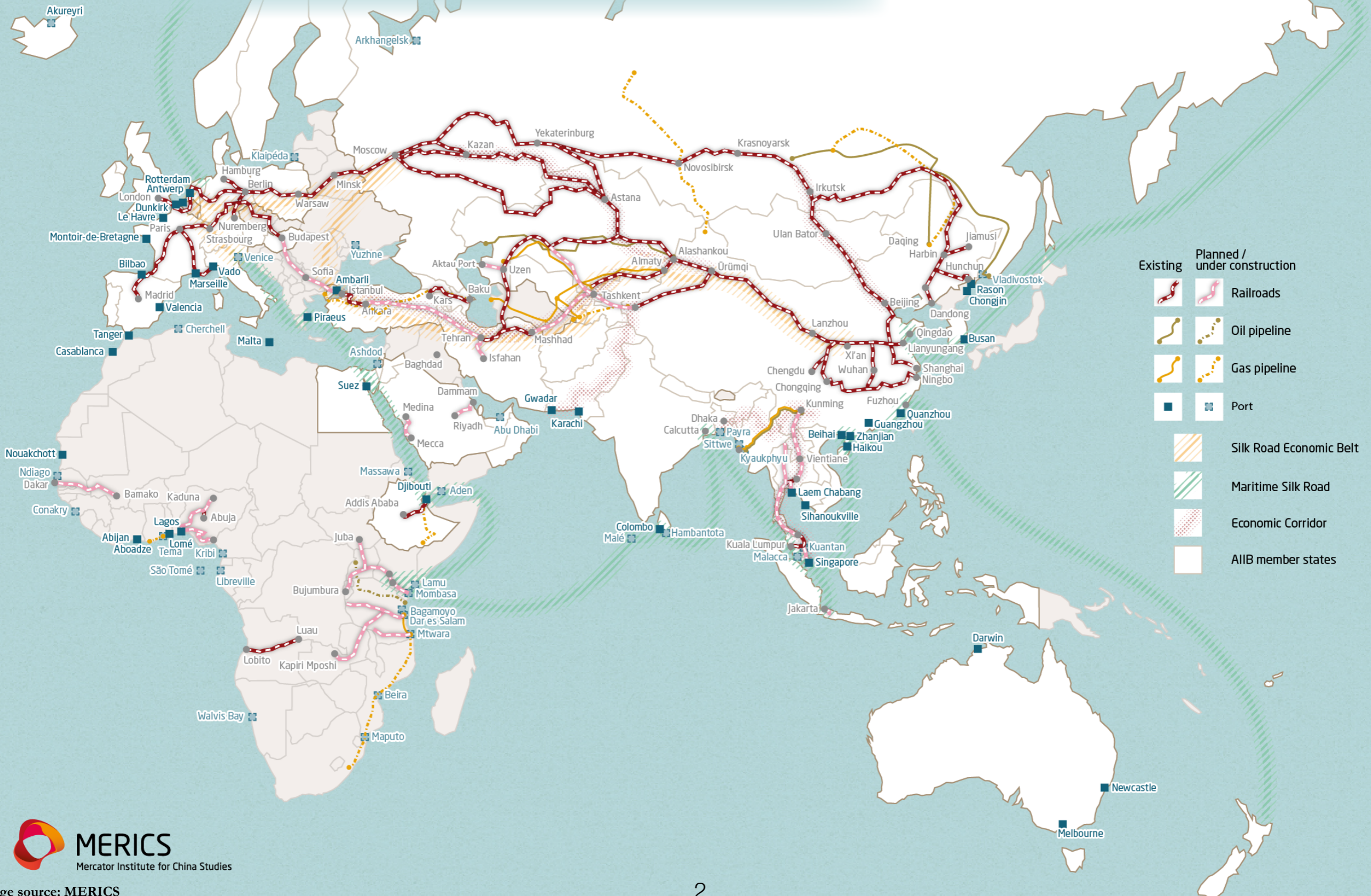
A comparative study of Kenyan and Ethiopian railways

Yuan Wang

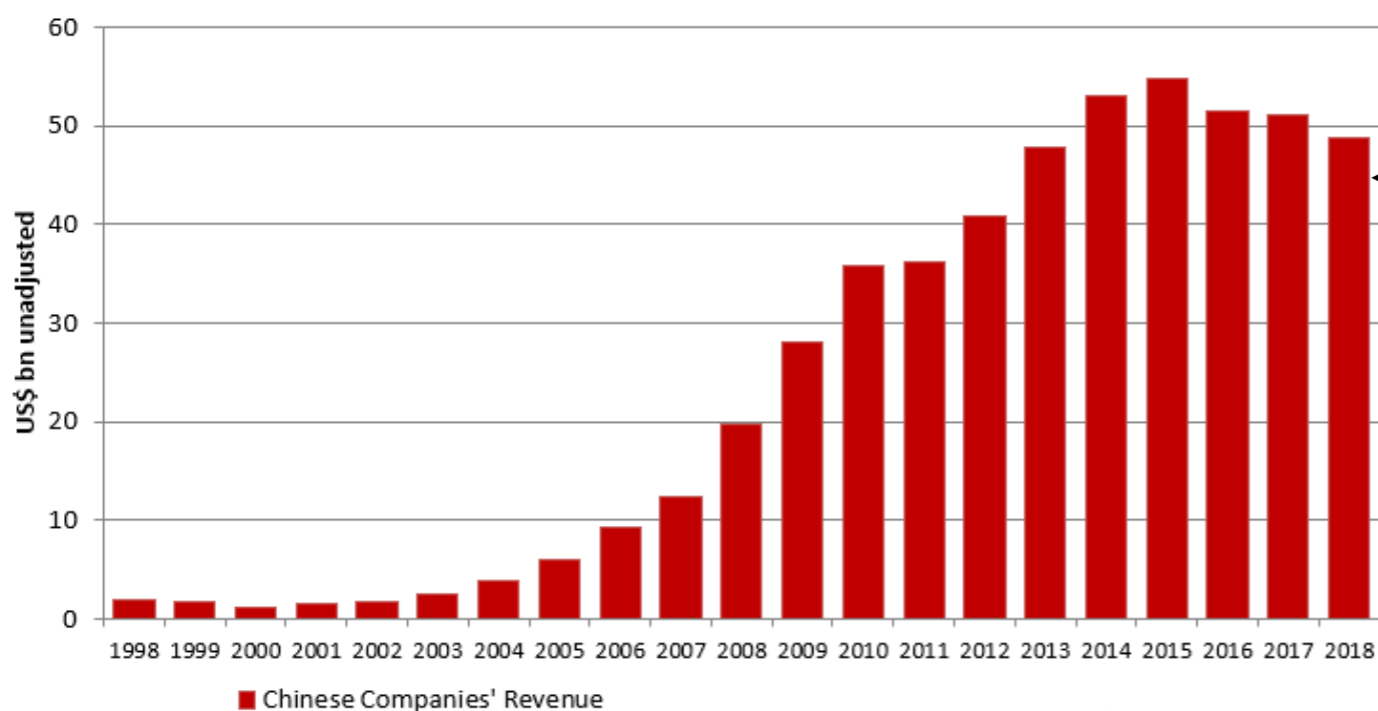
China and the World Program
Oct 25, 2021

The Belt and Road Initiative creates a global infrastructure network

China uses, acquires and builds railroads, ports and pipelines



Gross Annual Revenues of Chinese Companies' Construction Projects in Africa

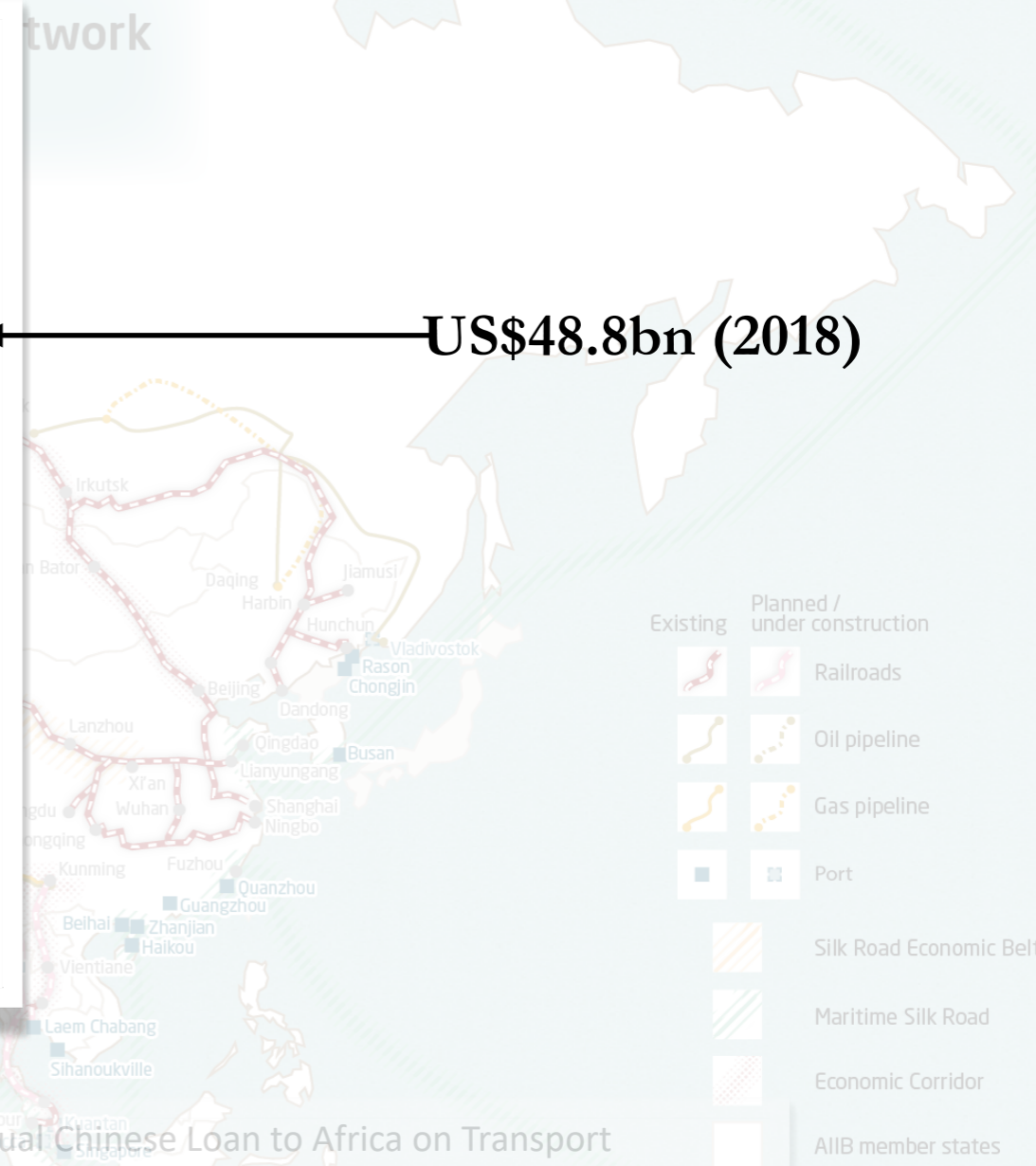


US\$48.8bn (2018)

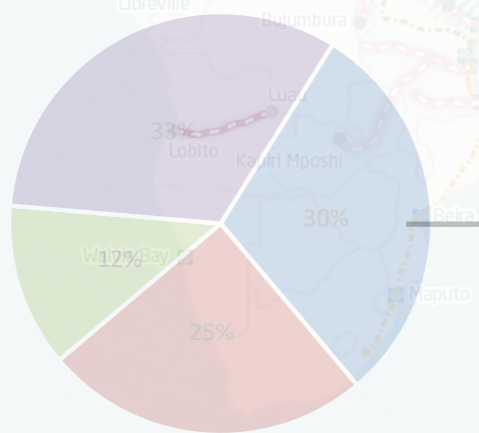
Feb 2020
Source: China's National Bureau of Statistics

CHINA AFRICA
RESEARCH INITIATIVE

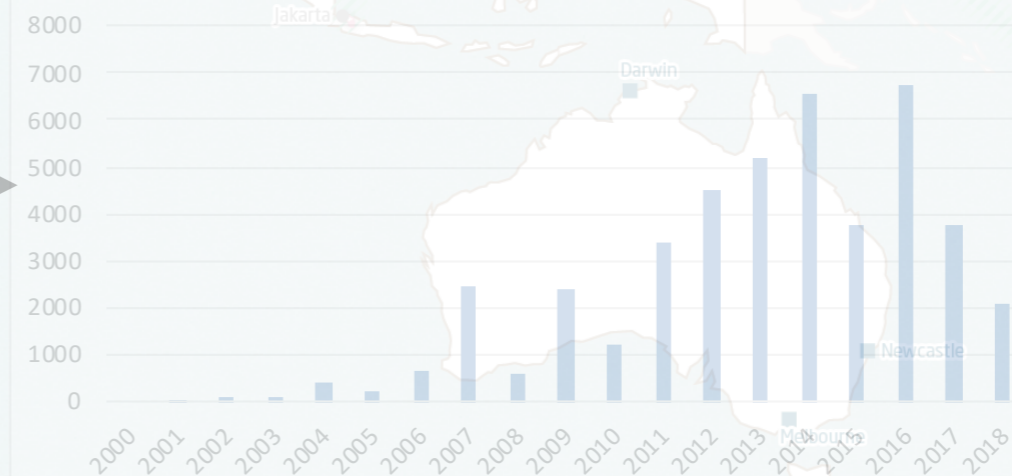
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INTERNATIONAL STUDIES



Annual Chinese Loans to Africa, by Sector



Annual Chinese Loan to Africa on Transport (US\$m)

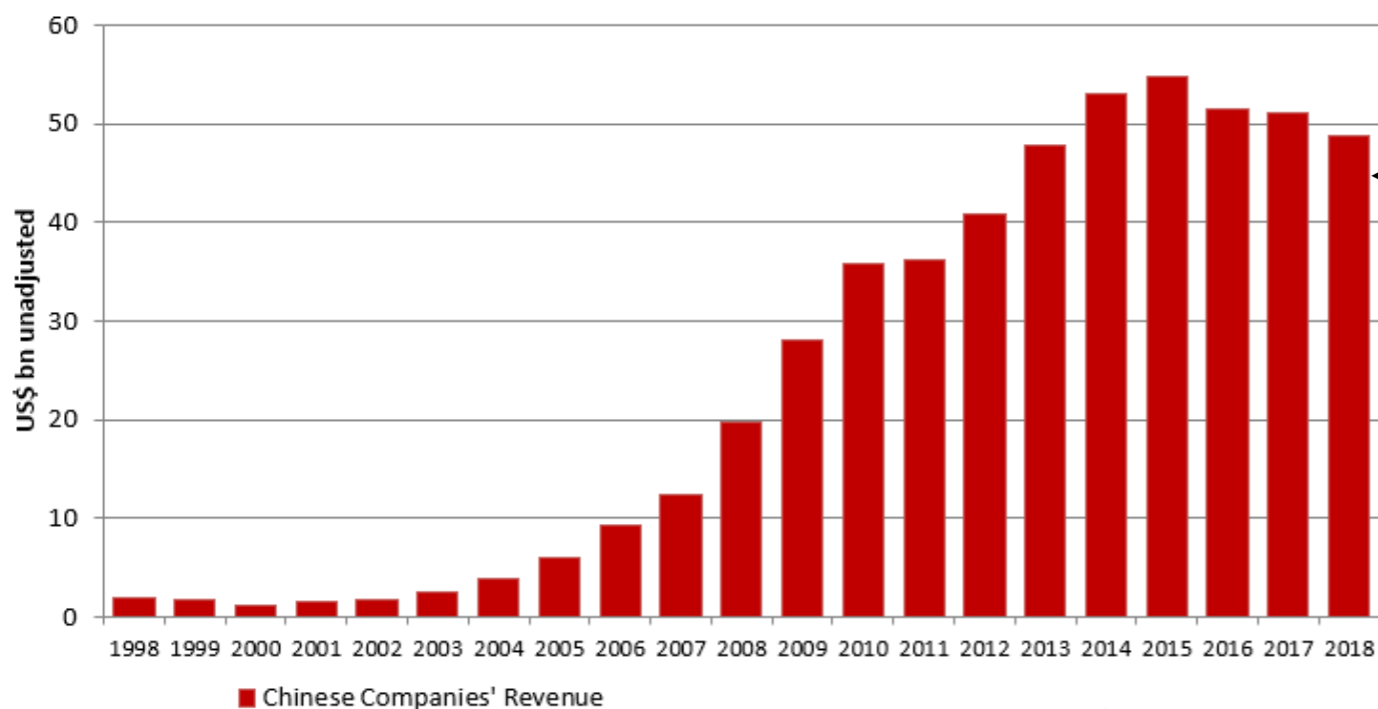


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Image source: MERICS, SAIS-CARI; Data source: Citation: Brautigam, Deborah, Jyhjong Hwang, Jordan Link, and Kevin Acker (2019) "Chinese Loans to Africa Database."

Gross Annual Revenues of Chinese Companies' Construction Projects in Africa

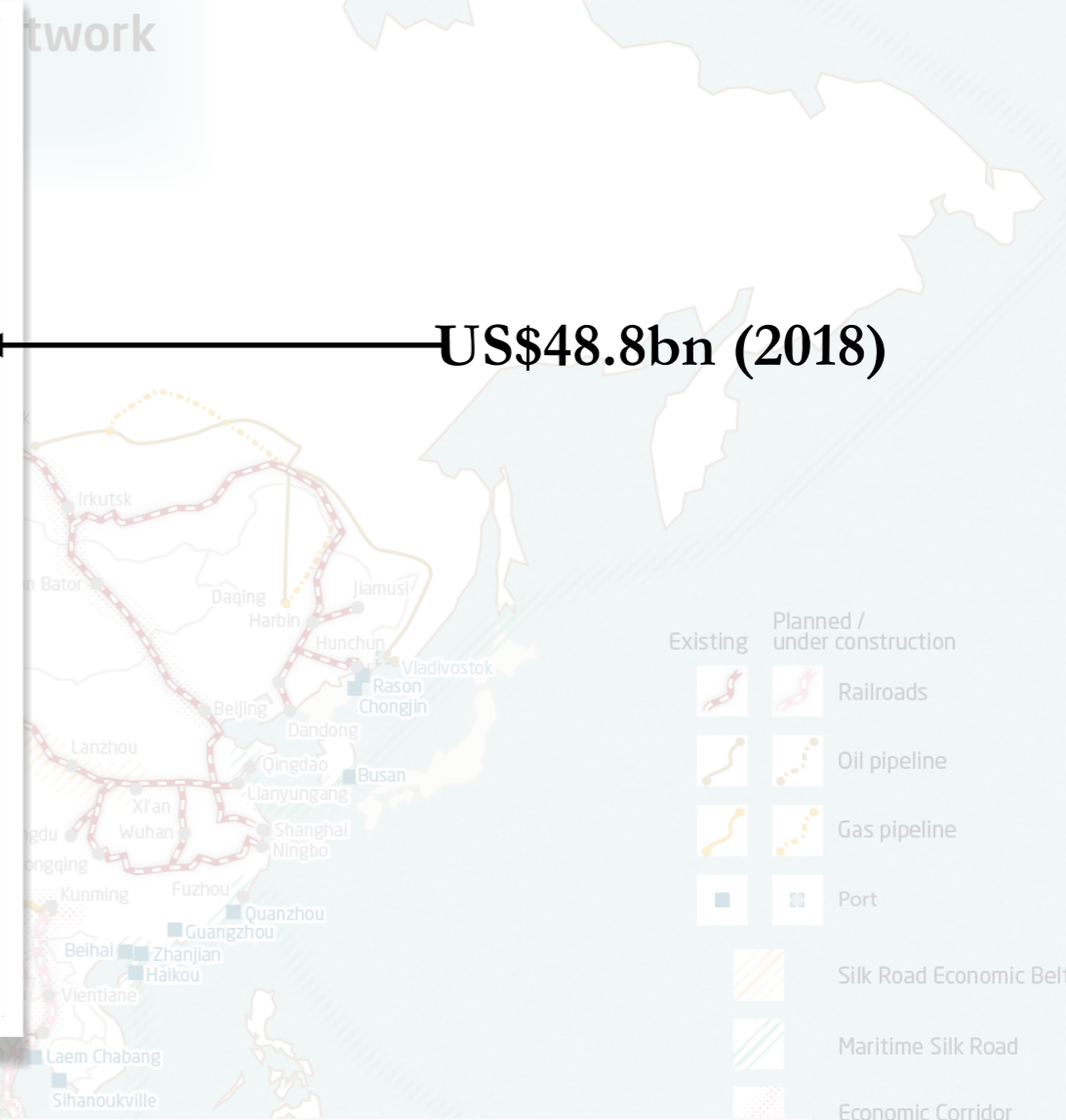


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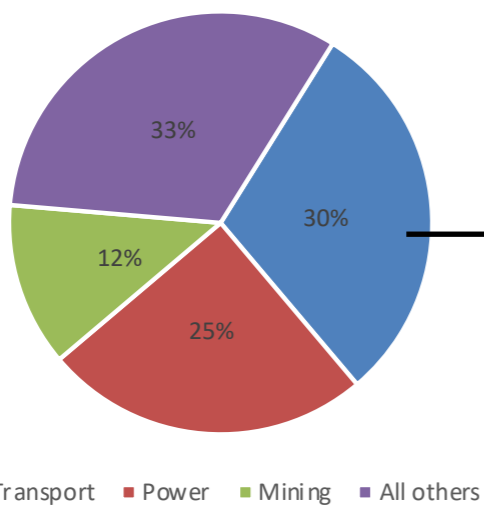
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CHINA AFRICA
RESEARCH INITIATIVE

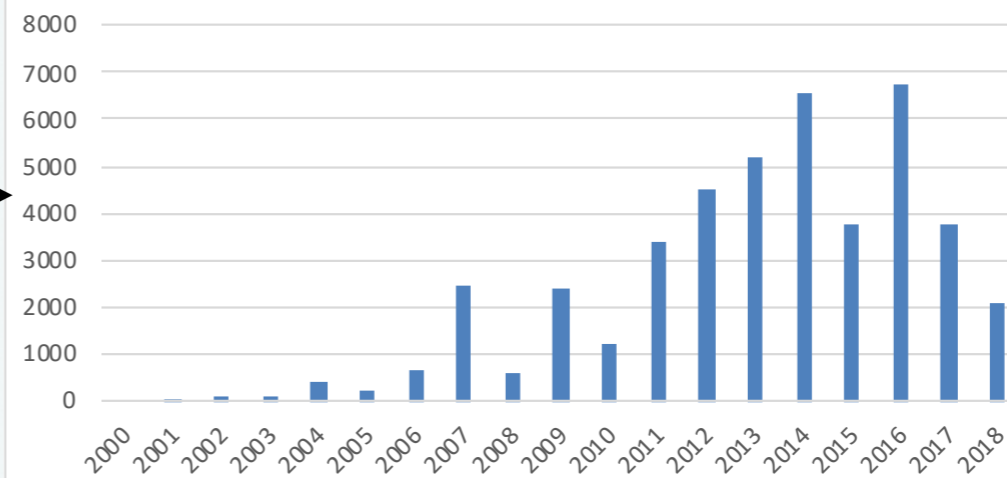
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Annual Chinese Loans to Africa, by Sector



Annual Chinese Loan to Africa on Transport (US\$mn)



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Image source: MERICS, SAIS-CARI; Data source: Citation: Brautigam, Deborah, Jyhjong Hwang, Jordan Link, and Kevin Acker (2019) "Chinese Loans to Africa Database."



**Kenya Standard Gauge Railway (SGR)
Phase-1 & Phase-2A**



Ethiopia Addis Ababa-Djibouti Railway (ADR)

Similarities:

- Loans from China Export & Import Bank (EximBank)
- Constructed by Chinese State-owned Enterprises
- Flagship projects of the Belt and Road Initiative

Differences in effectiveness:

- Timely completion
- Regular operation



**Kenya Standard Gauge Railway (SGR)
Phase-1 & Phase-2A**



Ethiopia Addis Ababa-Djibouti Railway (ADR)

Puzzle:

Why do Chinese-financed and -constructed projects that are **similar in nature** develop into **starkly different trajectories** in Kenya and Ethiopia?

Puzzle: Why Chinese-financed and -constructed projects that are **similar in nature** develop into **starkly different trajectories** in Kenya and Ethiopia?

Presentation Outline:

- Existing explanations
- Political championship theory
- Case study evidences
- Alternative hypotheses
- Conclusion

Existing explanations on state capacity for development:

- **Structural explanation**

- External agency
- Dependency theory (Cardoso & Faletto 1979)
- China's global expansion — revival of dependency theory (Taylor 2020, Stalling 2020, Tarrosy 2020)

- **Institutional explanation**

- Bureaucratic capacity
- Developmental state theory (Onis 1991, Evans 1992, Mkandawire, 2001; Booth and Golooba – Mutebi, 2012)
- Weberian bureaucracy (Weber 1968, Evans 1995, Johnson 1982)

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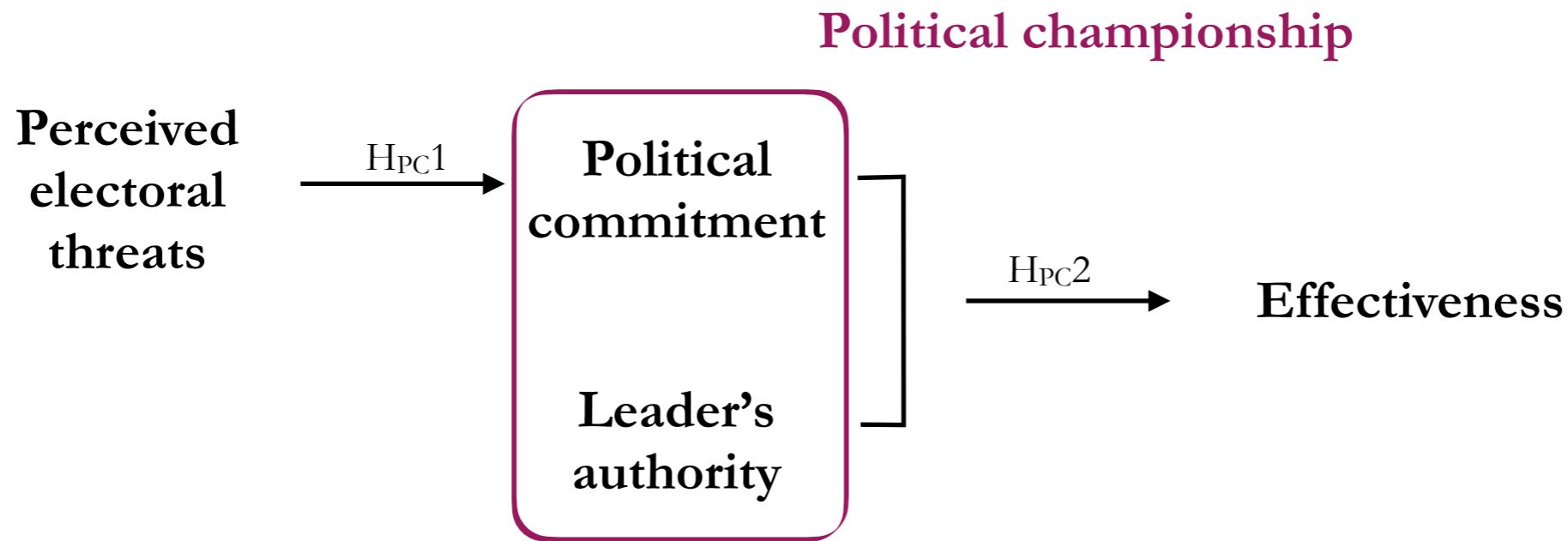
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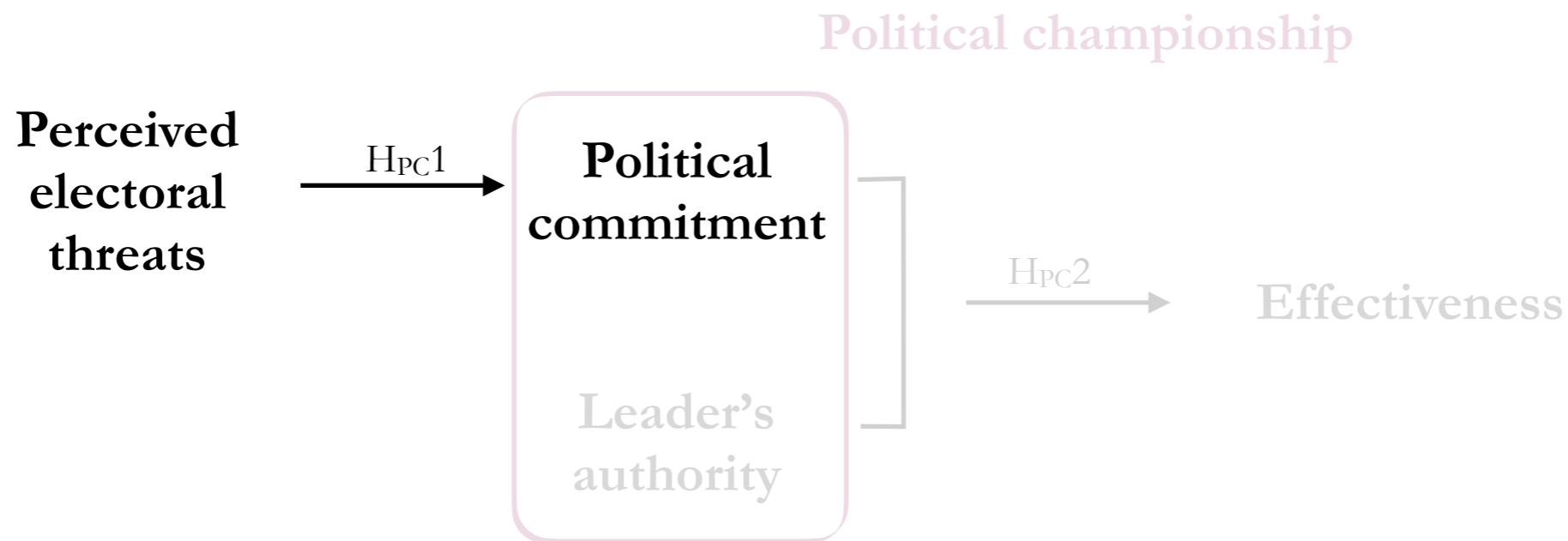
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Causal mechanism



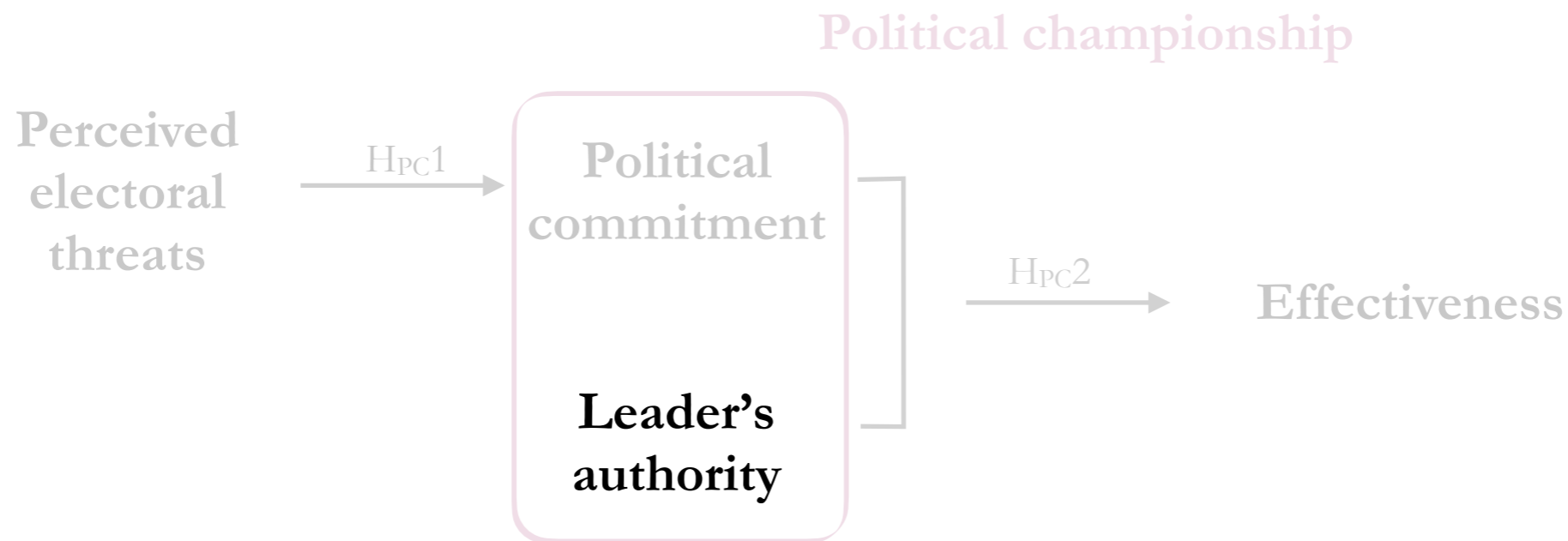
- $H_{\text{Political Championship 1}}$. Perceived threats from **electoral competition** generate strong political commitment from the ruler.
- $H_{\text{Political Championship 2}}$. A committed political champion with **strong authority** intervenes in project implementation by motivating bureaucracies and tempering resistance, leading to higher project effectiveness.

Causal mechanism



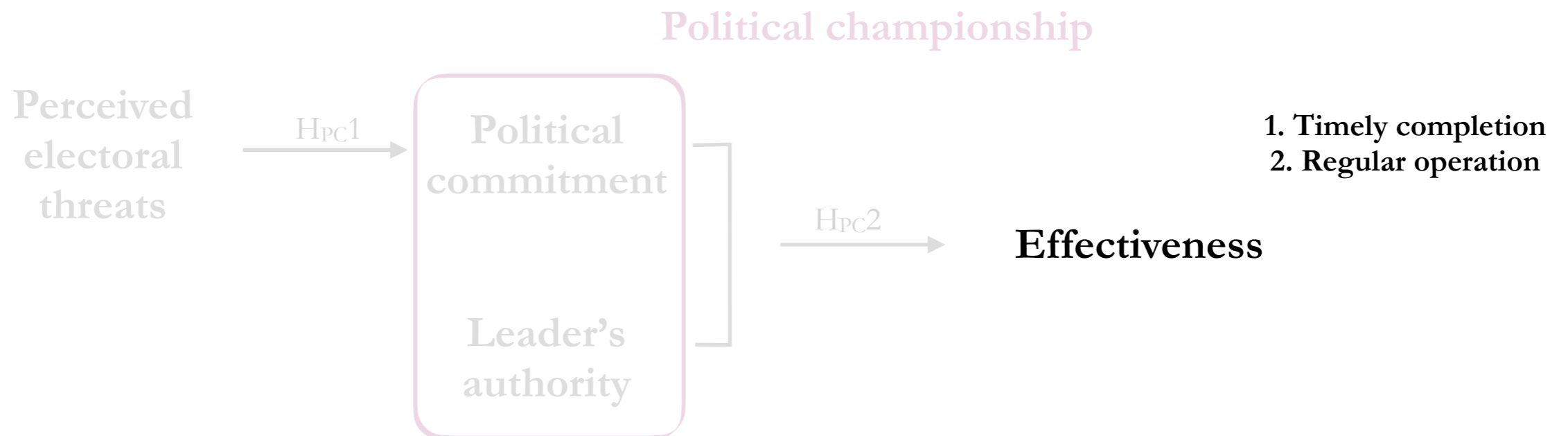
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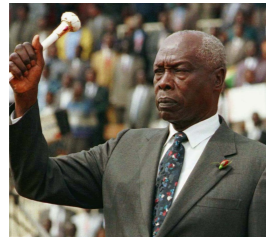
Causal inference from within-case process tracing:

- Kenyan Standard Gauge Railway (SGR) Phase 1 & Phase 2A
- Ethiopian Addis Djibouti Railway (ADR)

Evidences collected from:

- 30 weeks of fieldwork
- Multiple trips 2014, 2015, 2017, 2019
- China (7 weeks) , Kenya (13 weeks), and Ethiopia (10 weeks)
- 180 + interviews
- Short episodes of participatory observation
- Corporate reports, policy reports, media reports, and legal documents.

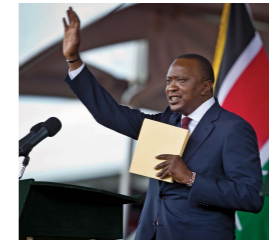




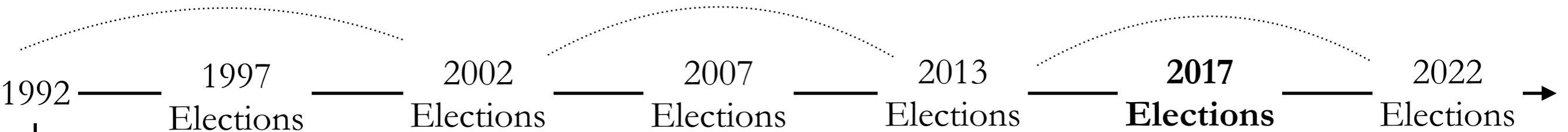
Daniel arap Moi



Mwai Kibaki

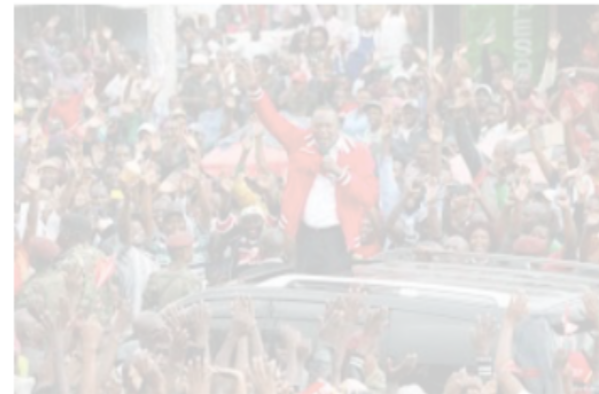


Uhuru Kenyatta



↓
Democratization

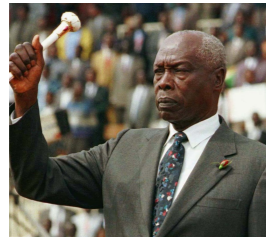
Uhuru Kenyatta



2017 ELECTIONS

Raila Odinga





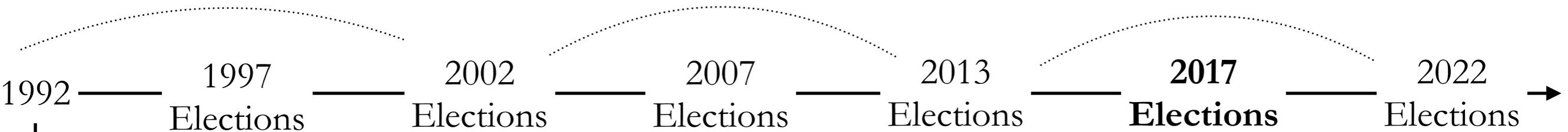
Daniel arap Moi



Mwai Kibaki



Uhuru Kenyatta



Democratization

Uhuru Kenyatta
(incumbent)



Raila Odinga
(opposition)



2017 ELECTIONS



image source: Britannica, the Guardian

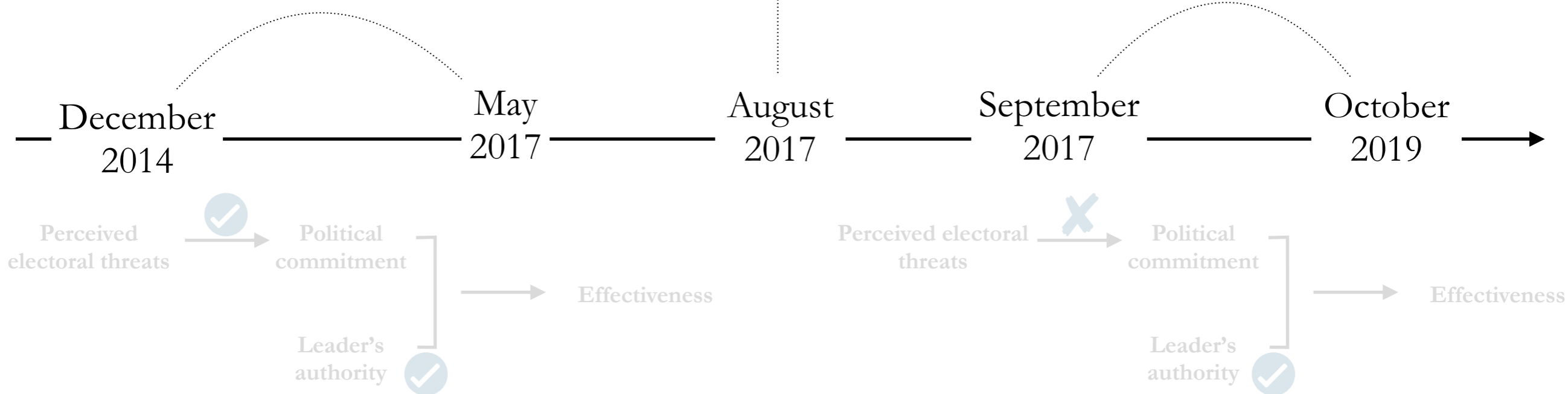


Kenyan SGR Phase 1



Kenyan SGR Phase 2A

Election



<p>Kenyan SGR-1 (475km)</p>	<p>Effectiveness</p>	<p>Kenyan SGR-2A (120km)</p>
<p>Met the contract schedule Met President's schedule</p>	<p>Timely completion</p>	<p>Met the contract schedule Failed President's schedule (10 month)</p>
<p>4 passenger trains/day 10.5 freight trains/day</p>	<p>Regular operation</p>	<p>N/A</p>

Jimi Wanjigi



DAILY NATION NEWS BUSINESS COUNTIES SPORTS BLOGS & OPINION

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Jimi Wanjigi: Kenya's most feared oligarch

MONDAY JUNE 26 2017

[Twitter](#) [Facebook](#) [LinkedIn](#) [Print](#) [Email](#)

Businessman Jimi Wanjigi. He accuses Jubilee of persecuting him. PHOTO | FILE | NATION MEDIA

In Summary

- He grew rich by gaining privileged access to single-sourced multi-billion government tenders.
- Mr Githongo argued that corruption in

By **NATION TEAM**
More by this Author

Of all the audacious things that Nation:

‘The Coalition Government will...build a new **Standard Gauge Railway (SGR)** from Mombasa to Malaba with a branch line to Kisumu in line with the [East African] Railway Masterplan.’

– *Jubilee Coalition Manifesto 2013*

When we drafted the Manifesto, I made sure that there was an emphasis on PPP.

– *Jimi Wanjigi*



2007 post election violence



Uhuru Kenyatta in International
Criminal Court (ICC)

Choices have consequences.

—*Johnnie Carson*

Assistant Secretary of State, USA



In 2013, Uhuru got into power, I don't know what happened, suddenly **this [the SGR] is what the president wants.** I told him I wanted to do the PPP. The President told me: **'You must let go.'**

— *Jimmy Wanjigi*



Perceived electoral threat



Political commitment

Leader's authority

Effectiveness

Keep up the good work.
Lets all ensure we complete
the works on time.
June 2017

23rd January 2015

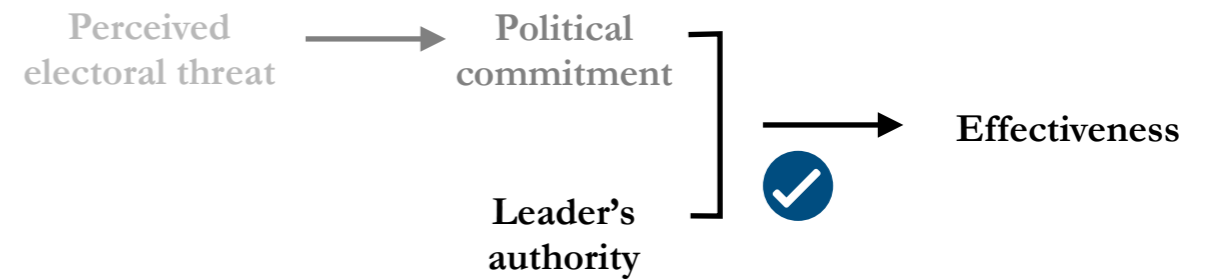




Jubilee should not use SGR as a campaign agenda ... This project is for Kenyans and not for Jubilee.

– *Raila Odinga*
Opposition leader





When he [Kenyatta] got off from the plane, I think someone had briefed him about the court case, he was furious. **People are afraid of Uhuru Kenyatta...** the president said so angrily: **‘How can you stop a Presidential Project?’** So I explained the issues we were facing. Kenyatta said: ‘This seems to be a simple issue.’ He then called on the Minister of Land and said: **‘I need this issue solved in seven days with a report.’**

– *Mutula Kilonzo*

Senator of Makeni County

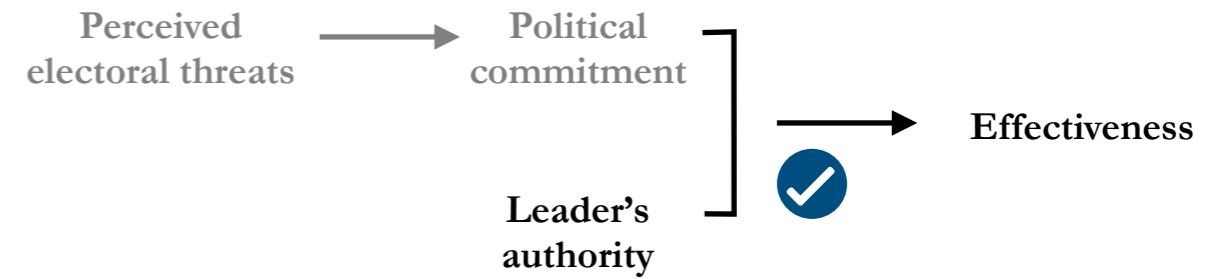


Madaraka Express | 1 June 2017

This is the only project in Kenyan history that was completed ahead of schedule!

– Atanas Maina

Former CEO, Kenyan Railway Corporation



Presidential directives:

All imported cargo for delivery to Nairobi and the hinterland shall be conveyed by SGR and cleared at the Inland Container Depot (ICD) - Nairobi



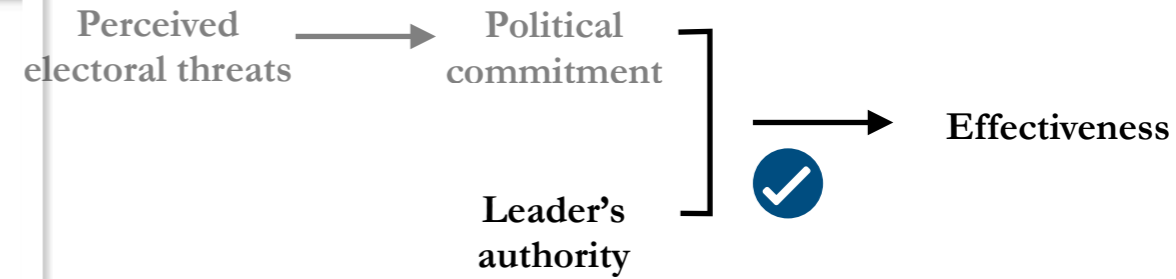
Storm over Joho firm's lucrative SGR bulk cargo deal

SUNDAY FEBRUARY 10 2019



Mombasa Governor Hassan Joho. Uncertainty surrounds the fate of lucrative deal that appear to have been granted to firm linked to Mr Joho, a near-monopoly in the transportation of bulk cargo over the Standard Gauge Railway.

PHOTO | FILE | NATION MEDIA GROUP



The SGR is to kill the economy of Mombasa.

– Hassan Joho,
Governor of Mombasa





SGR 2A

- Kenyatta: launch in **December 2018**
- Completed in **October 2019**
- —> 10 months delay

THE STAR

SGR-2A faces delays as payouts to landowners stall amid protests

By KOECH Mior_1

19 - 00:15

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Home / Latest News / Kenya: Railway construction to ...

26 Sep 2018
Stanley Ngotho, Business Daily (Kenya), Stanley Ngotho, Business Daily (Kenya), Stanley Ngotho, Business Daily (Kenya)

Article

Kenya: Railway construction to delay due to dispute over compensation for displacement

[Read more](#)

Railroad | Kenya

"Land pay row to further delay SGR's 2nd phase"

Nairobi-Malaba corridor on January 9 / FAITH MUTEGI

threatens to delay construction of the second phase of the

Table. SGR-1 and -2A passing county votes in 2013 presidential election

	County	Kenyatta/Jubilee	Odinga/NASA
SGR-1	Mombasa	23.79%	69.77%
	Kilifi	10.72%	83.74%
	Kwale	14.04%	80.74%
	Taita-Taveta	13.18%	81.56%
	Makueni	5.02%	90.73%
	Kajiado	52.36%	44.44%
	Machakos	55.41%	29.61%
	Nairobi	46.75%	49.00%
SGR-2A	Nairobi	46.75%	49.00%
	Kajiado	52.36%	44.44%
	Kiambu	90.12%	7.89%
	Nakuru	80.19%	17.14%
	Narok	46.38%	50.28%

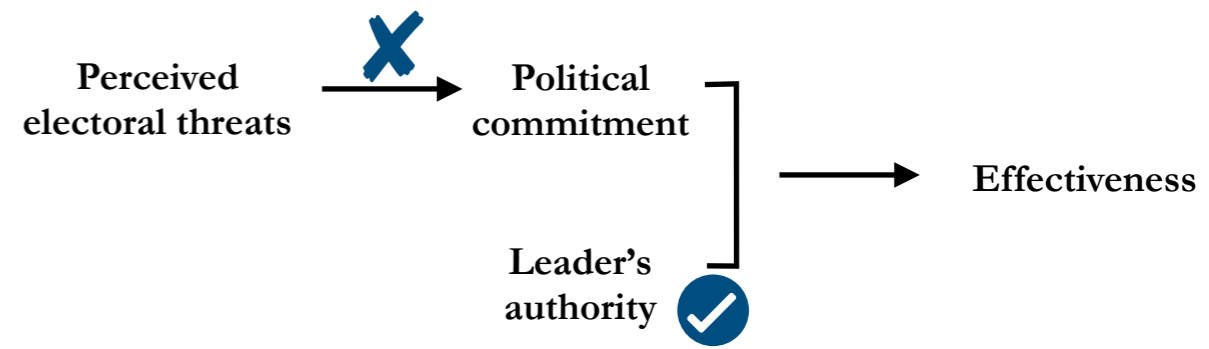
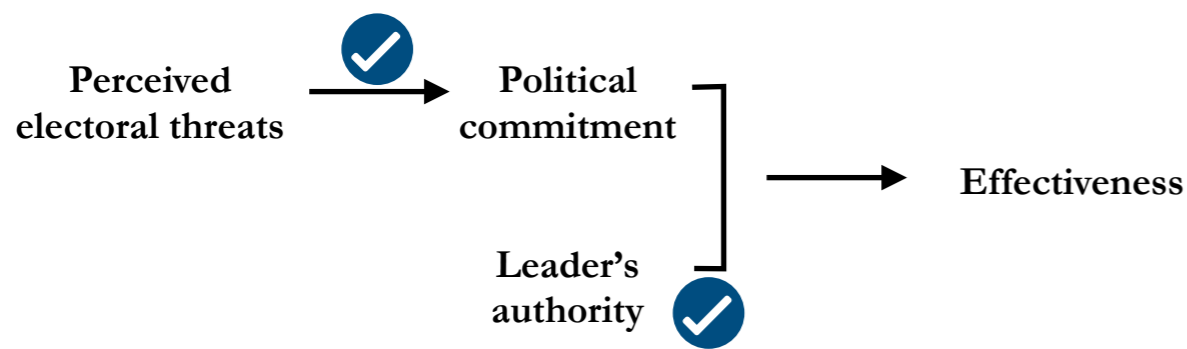
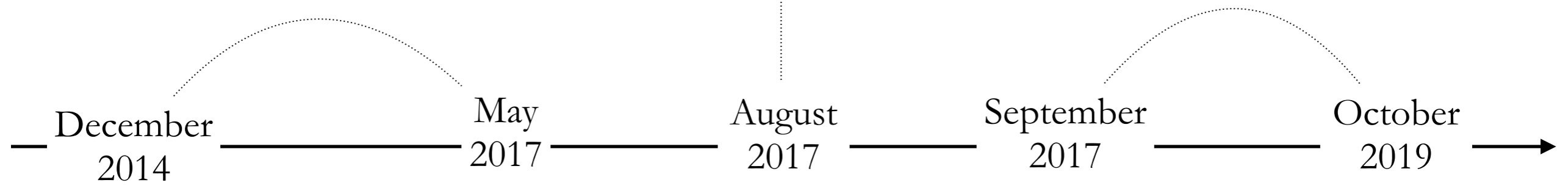


Kenyan SGR Phase 1



Kenyan SGR Phase 2A

Election



Kenyan SGR-1 (475km)	Effectiveness	Kenyan SGR-2A (120km)
Met the contract schedule Met President's schedule	Timely completion	Met the contract schedule Failed President's schedule (10 month)
4 passenger trains/day 10.5 freight trains/day	Regular operation	N/A





Election

ADR-Meles

Meles's death

ADR-Hailemariam (Before crisis)

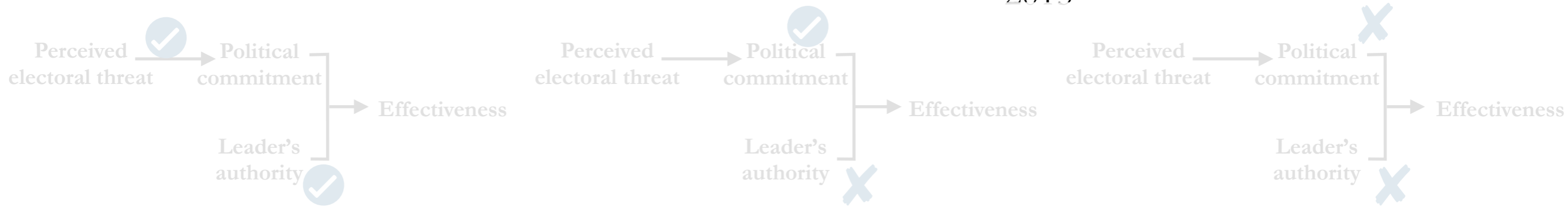
Political crisis

ADR-post crisis

May 2005

August 2012

November 2015



	Ethiopian ADR (780km)
Timely completion	5 years 14-months delay in operation
Regular operation	1 passenger train/day 4 freight trains/day

‘Democratization’

2005 elections



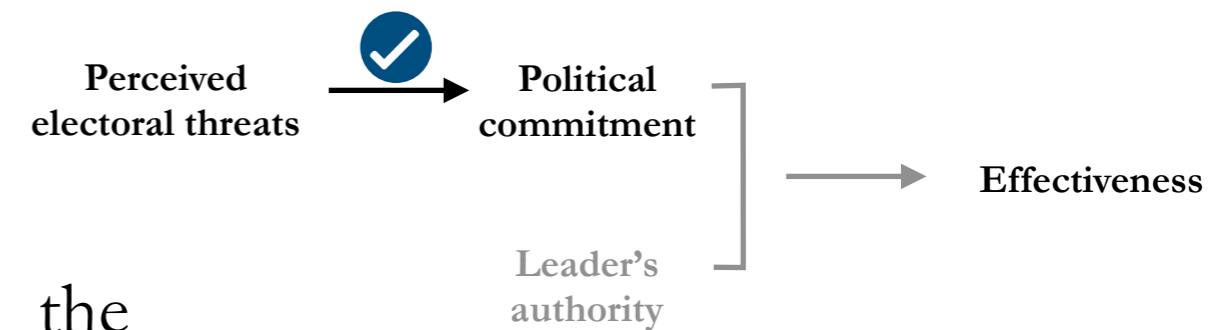
Developmental state

Table. 2005 parliamentary elections results

Region	EPRDF	CUDP	UEDF	Others
Tigray	93.0%	1.7%	0.0%	5.3%
Amhara	36.0%	48.0%	2.0%	14.0%
Benshangul	65.0%	16.0%	0.0%	19.0%
Dire Dawa	43.0%	42.0%	0.0%	0.0%
Gambela	74.0%	25.0%	0.0%	0.0%
Oromiya	64.0%	10.0%	17.0%	9.0%
SNNPR	49.0%	22.0%	13.0%	16.0%
Addis Ababa	14.2%	74.0%	1.8%	10.0%
National Total	59.5%	21.9%	10.9%	7.7%
Seats	216	99	48	12

Data Source: National Election Board of Ethiopia at <http://www.electionsethiopia.org/>





We don't need a railway because the volume of commodities for logistics is low, and trucks can do the work. It is better to upgrade roads.

— *CEO of Ethiopian Road Authority*

We are not thinking railway for one or two years. We are thinking of 10 to 20 years and linking the global [market]. If we don't prepare the infrastructure before economic development, then we might get trapped.

— *Meles Zenawi, Prime Minister*

ADR-Meles

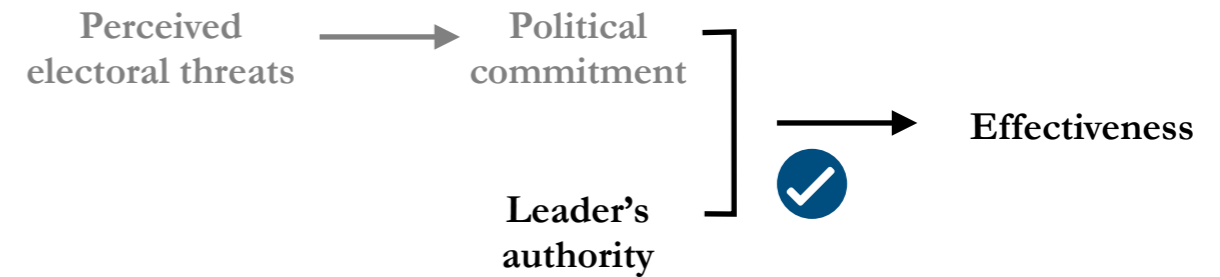


Meles was literally monitoring the progress every 15 days. We had to report to him

– *Getachew Betru*

Former CEO of ERC

ADR-Meles



He [Meles] gave instructions to regional government, like Oromia government. **They listened to him.** They instruct local community to focus on the work. And whenever we go to local administration, we are well received, and the work was done smoothly.

– *Anonymous interviewee*

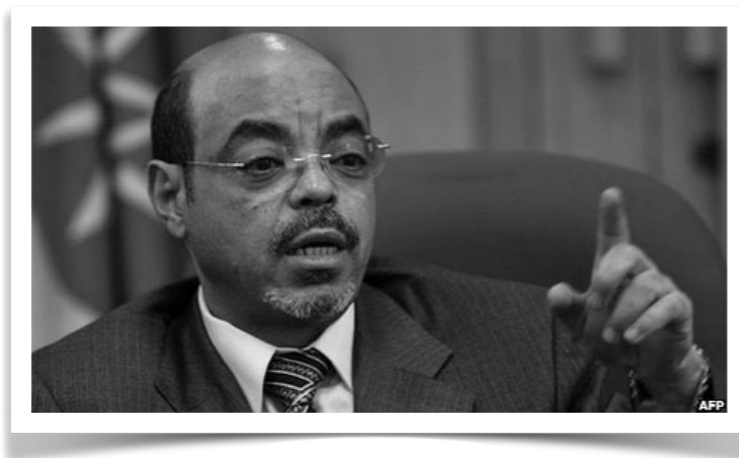
Ethiopian Railway Corporation

ADR-Meles

It was the golden era of railway development in Ethiopia.

– Anonymous interviewee

Ethiopian Railway Corporation



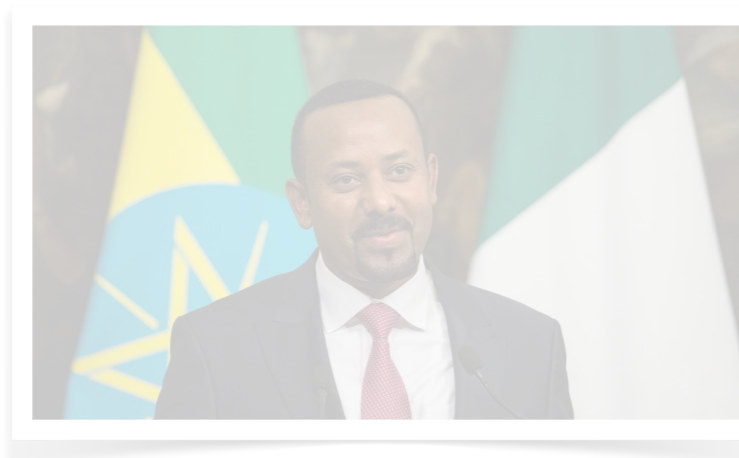
Meles Zenawi
1995-2012

Meles's sudden death (Aug 2012)



Hailemariam Desalegn
2012-2018

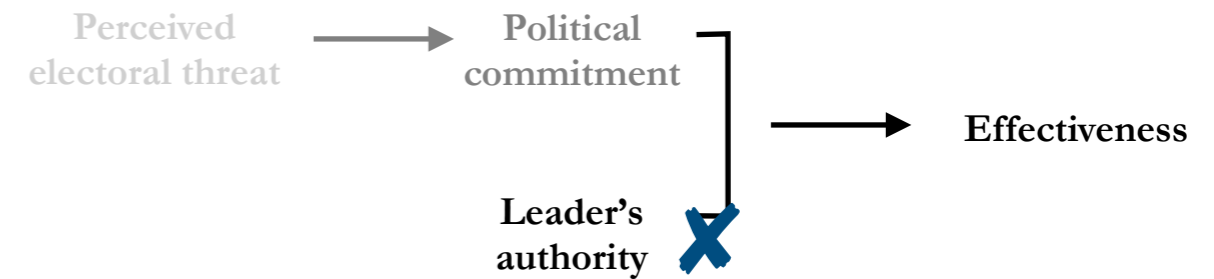
Political crisis &
Hailemariam resignation



Abiy Ahmed
2018-present



ADR-Hailemariam before crisis

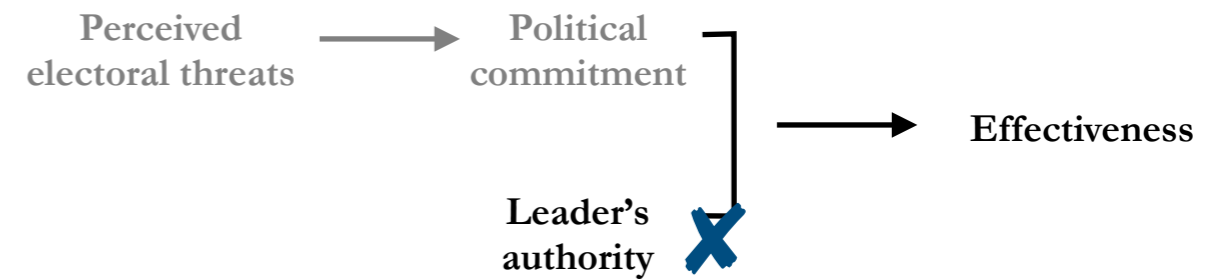


With Hailemariam, we met him... we don't follow after the meeting.
There are legal procedures, and **we just follow the legal procedures.**

– *Anonymous interviewee*

Ethiopian Railway Corporation

ADR-Hailemariam before crisis



On Right of Way, if Meles ordered, “clear within one month,” ... then it got cleared. In Metehara, Hailemariam ordered, “clear within one month,” nothing happened.

– *Anonymous interviewee*

Ethiopia Ministry of Transport



Meles Zenawi
1995-2012

Meles's sudden death



Hailemariam Desalegn
2012-2018

Political crisis (Nov 2015)



Hailemariam resignation (Feb 2018)



Abiy Ahmed
2018-present



ADR-Post crisis



Things moved very slow. **Local administrations, they make our life miserable.** Local administration is supposed to balance between local people and the national project, but now, they purely support local people.

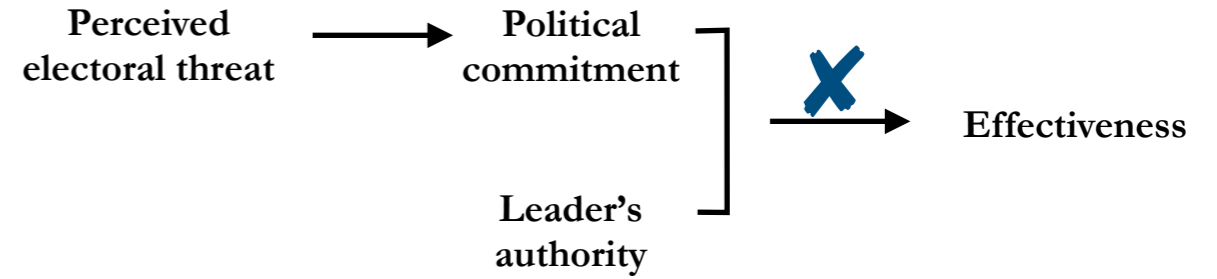
– *Anonymous interviewee*

Ethiopian Railway Corporation

Addis Ababa-Djibouti Railway Inauguration 5 October 2016



ADR-Post crisis



Ethiopian shipping line



Ethiopian Railway Corporation



Election

ADR-Meles

Meles's death

ADR-Hailemariam (Before crisis)

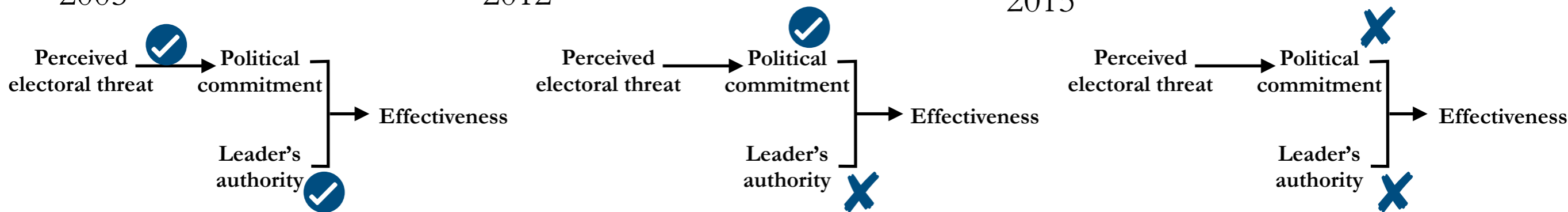
Ethnic crisis

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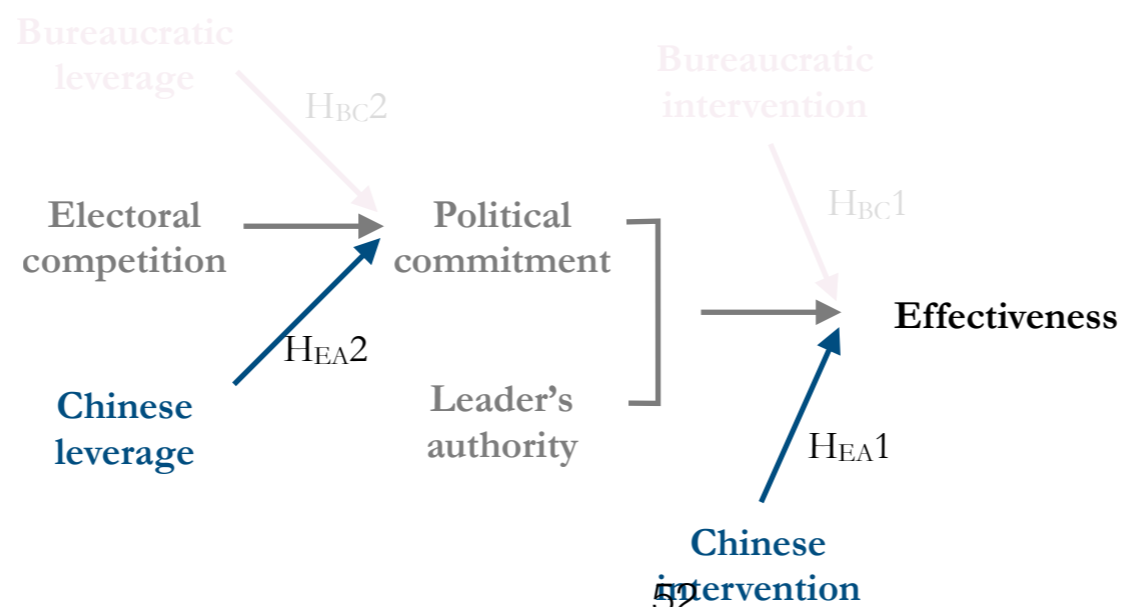
Alternative hypotheses

Structural explanation: external agency

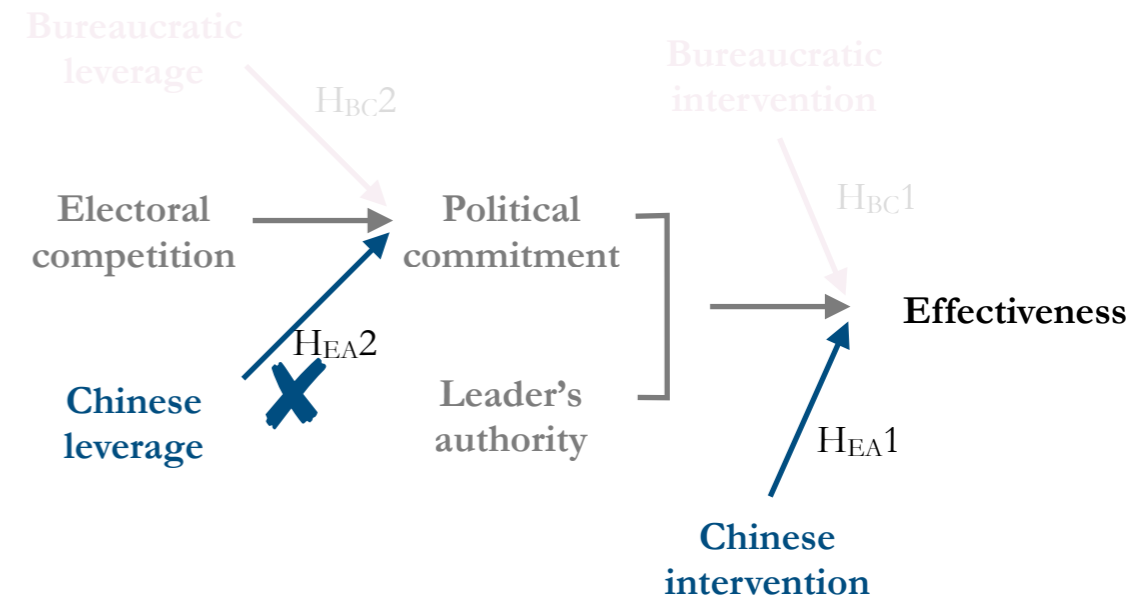
- $H_{\text{External Agency}1}$. **Chinese SOEs' intervention** \rightarrow High effectiveness
- $H_{\text{External Agency}2}$. **China's diplomatic leverage** \rightarrow political championship \rightarrow High effectiveness

Institutional explanation: bureaucratic capacity

- $H_{\text{Bureaucratic Capacity}1}$. **Bureaucratic intervention** \rightarrow High effectiveness
- $H_{\text{Bureaucratic Capacity}2}$. **Bureaucratic leverage** \rightarrow political championship \rightarrow High effectiveness



Alternatively:
Chinese leverage —→ **Kenyan SGR effectiveness?**
 (External agency)



This [The SGR] is a commercial project. The role of this office was to support the company when needed but that ultimately the company was on the frontline.

— *Anonymous interviewee*

Chinese Economic Councillor's Office in Kenya

Alternatively:
Chinese leverage —→ **Kenyan SGR effectiveness?**
 (External agency)

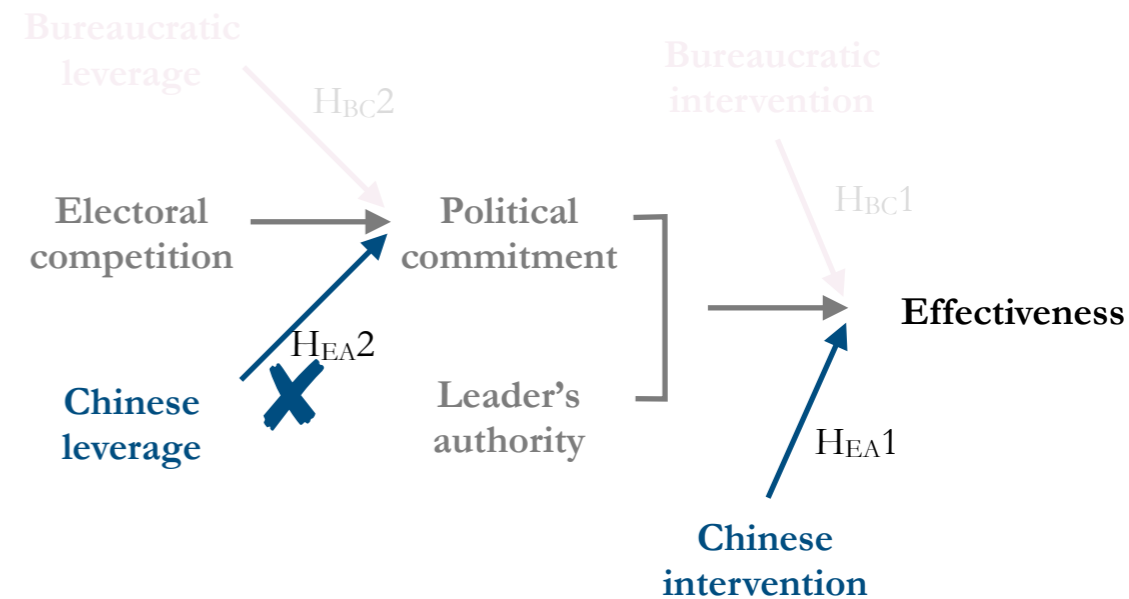
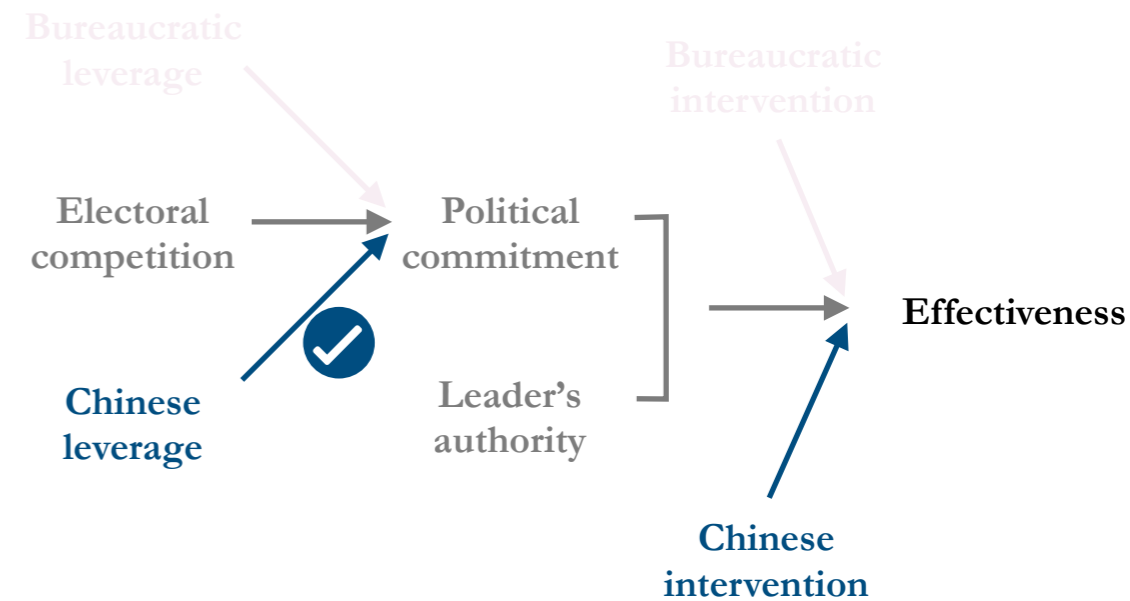


Table. Chinese political leaders' visits to the SGR

Leaders	Position	Time
Li Keqiang	Prime Minister	14 May 2014
Zhang Dejiang	Chairman of the Standing Committee of the 12th National People's Congress	27 May 2016
Wang Yi	Foreign Minister and State Councilor	10 August 2016
Wang Yong	Special Envoy of President Xi Jinping and State Councilor	31 May 2017
Zhong Shan (video inspection)	Minister of Commerce	22 September 2017
Wang Jiarui	Special Envoy of President Xi Jinping and Vice Chairman of the Chinese People's Political Consultative Conference	30 November 2017
Hao Peng	Chairman and Party Committee Secretary of the State-owned Assets Supervision and Administration Commission	5-6 August 2018
Wang Yang	Member of the Politburo Standing Committee, and Chairman of the Chinese People's Political Consultative Conference	17 June 2018

Alternatively:

**Despite strong Chinese leverage —>
Ethiopian ADR ineffectiveness**

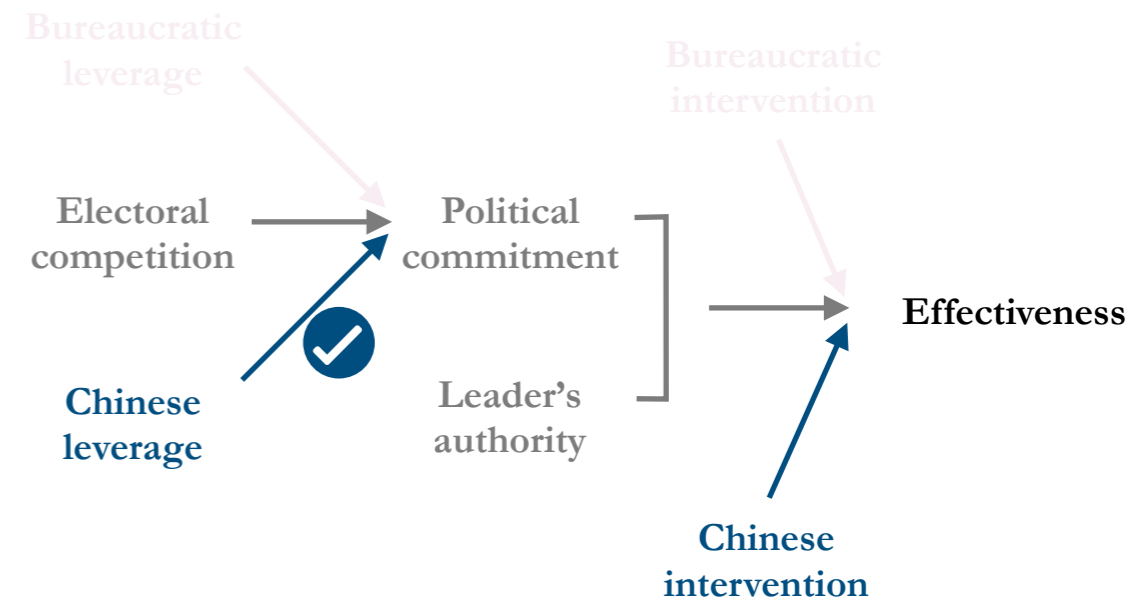


Hailemariam's commitment increased immediately after his visit to the Belt and Road Forum in May 2017 in Beijing.

— *Anonymous interviewee*
Chinese manager

Alternatively:

**Despite strong Chinese leverage —>
Ethiopian ADR ineffectiveness**

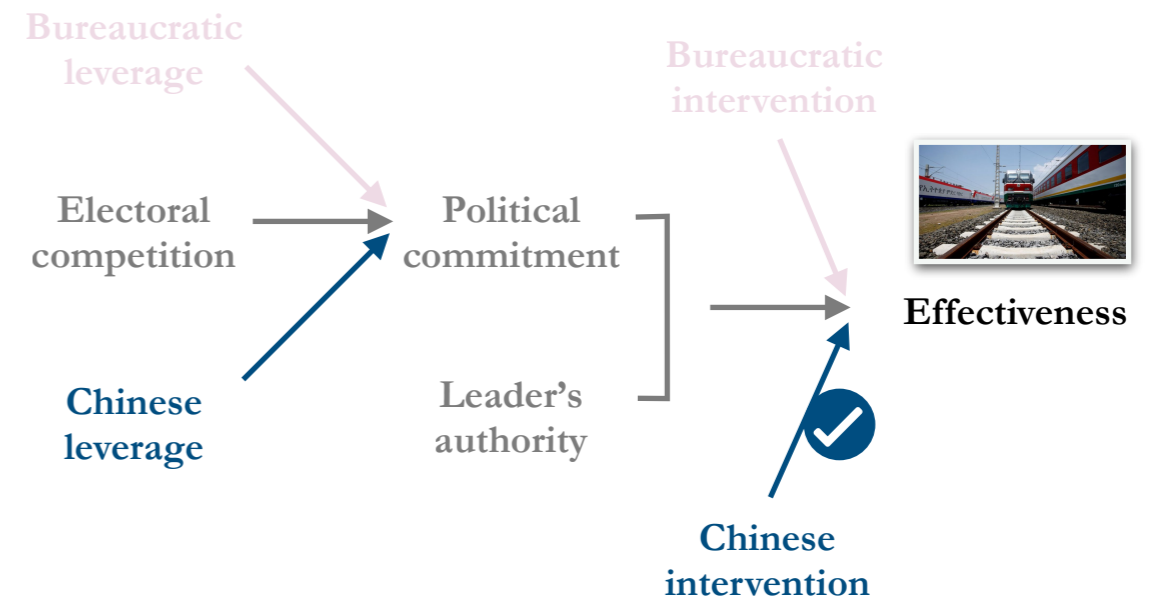


Hailemariam's commitment increased immediately after his visit to the Belt and Road Forum in May 2017 in Beijing.

— *Anonymous interviewee*
Chinese manager

Alternatively:

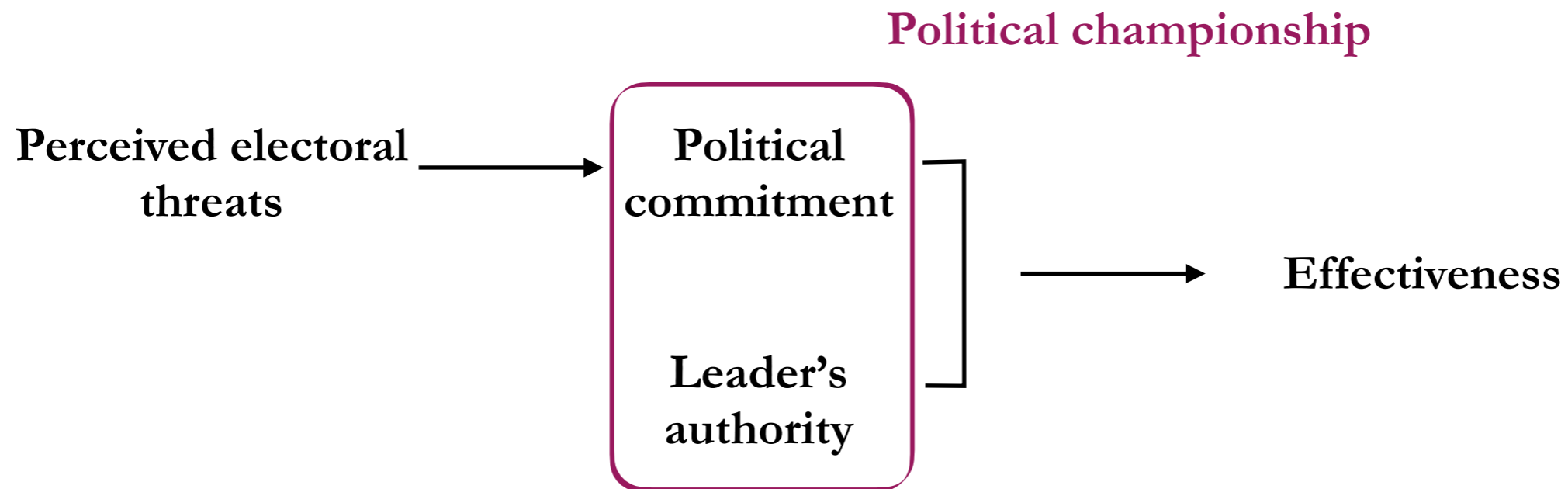
Despite strong Chinese intervention →
Ethiopian ADR ineffectiveness



This is a **‘Politically task!’**

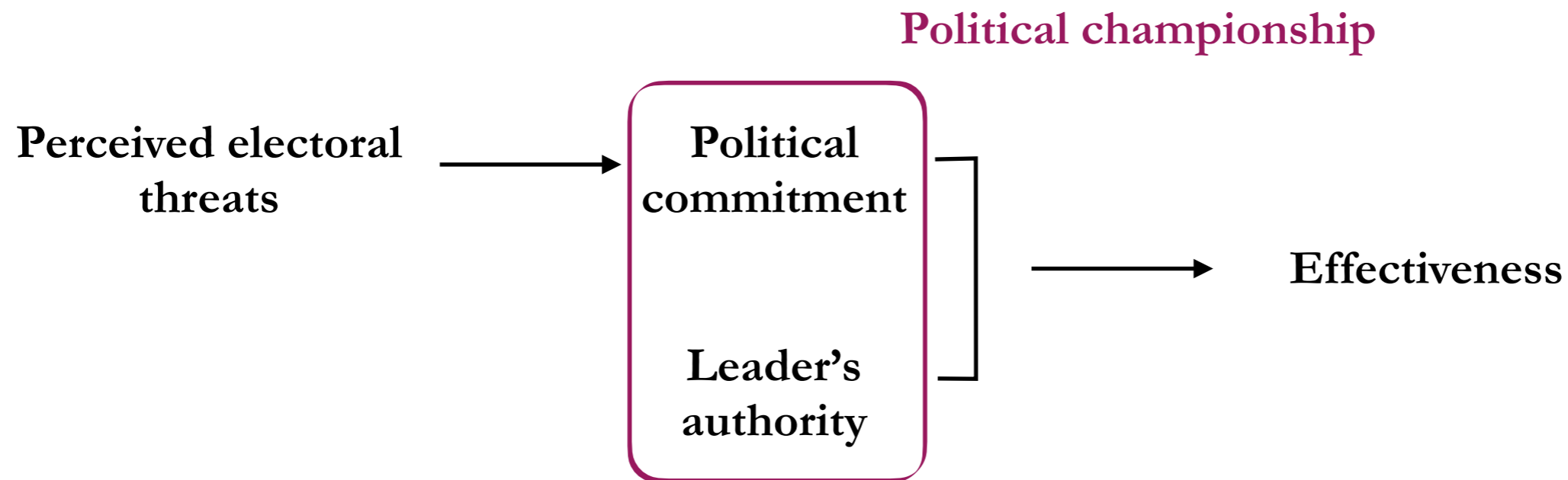
We are **‘Politically kidnapped.’**

— *Chinese managers from CCECC & CREC*



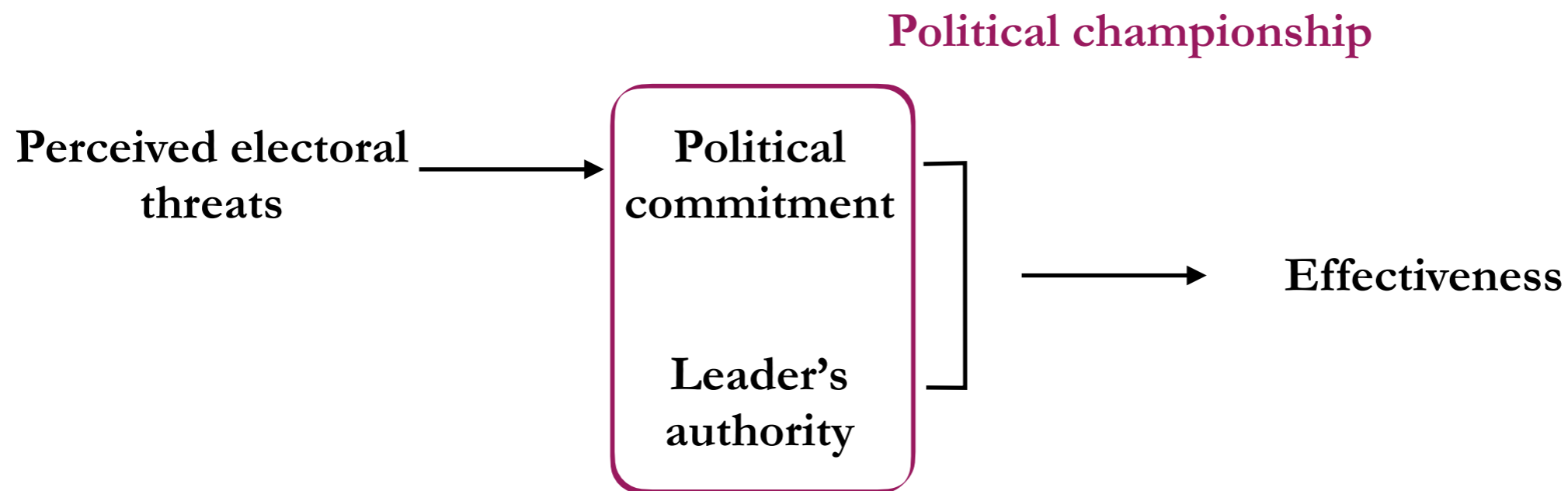
Contribution:

- Challenges the developmental states argument:
 - Short-term electoral incentive vs. long-term centralised management
- Capture the **volatile, personalistic, and idiosyncratic** nature of state capacity
- Comprehensive documentation of Chinese BRI projects.



Contributions:

- Challenges the developmental states argument:
 - **Short-term electoral incentive** vs. long-term centralised management
- Capture the **volatile, personalistic, and idiosyncratic** nature of state capacity, the **non-linearity of project delivery**
- Comprehensive documentation of Chinese BRI projects.



Generalisation:

- Developing countries with strong executive and weak institutions
- World Bank projects, **'lack of political will'** (World Bank 2005)
- **Developed countries** infrastructure development:
 - Attiki Odos in Athens, Meteor project in Paris, Oedo Line in Tokyo, CTRL in UK, Big Dig project in Boston, Øresund Link in Sweden/Denmark, and the Perth–Mandurah Railway in Australia. (Dimitriou, Ward, and Wright 2012)

Thank you.

yw3816@columbia.edu

Next Project

International norm socialisation and Chinese state capitalism



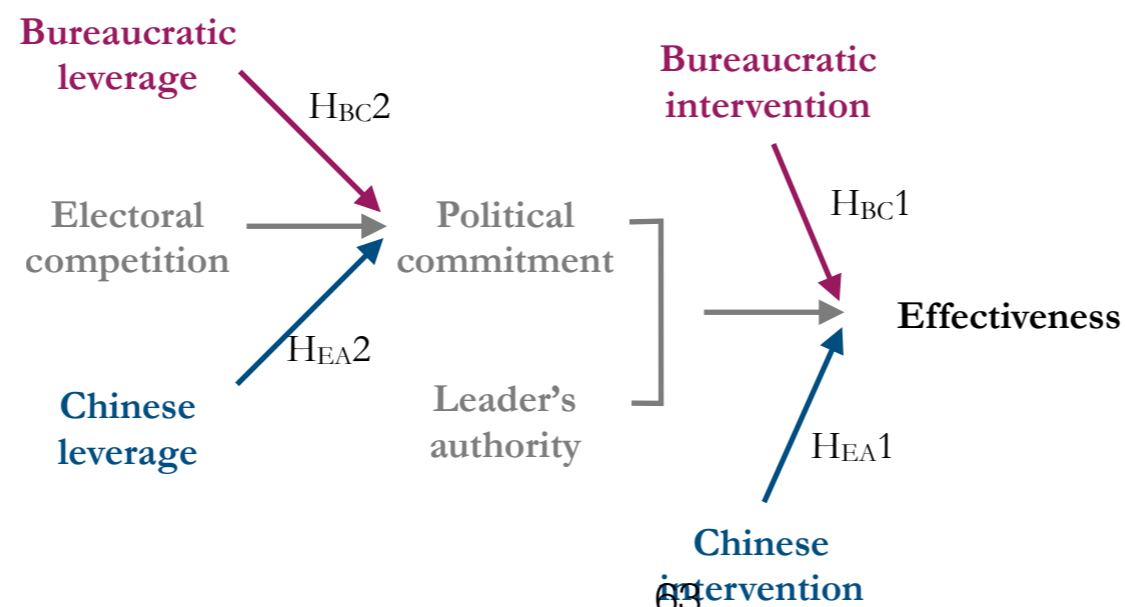
Alternative hypotheses

Structural explanation: external agency

- $H_{\text{External Agency}1}$. **Chinese SOEs' intervention** —> High effectiveness
- $H_{\text{External Agency}2}$. **China's diplomatic leverage** —> political championship —> High effectiveness

Institutional explanation: bureaucratic capacity

- $H_{\text{Bureaucratic Capacity}1}$. **Bureaucratic intervention** —> High effectiveness
- $H_{\text{Bureaucratic Capacity}2}$. **Bureaucratic leverage** —> political championship —> High effectiveness



Alternatively:

Strong Kenyan bureaucracy —→ SGR effectiveness?

KR [Kenyan Railway] did not participate in developing the Terms of References for the study nor was it involved during the study. A study of this magnitude would require KR staff participating as counterpart personnel; **KR had no access to the interim and progress reports and any comments and suggestions** raised by Ministry of Transport and subsequently addressed by CRBC.

– *Nduva Muli*

Former CEO of Kenyan Railway Corporation

Table 1. Case variation by independent variables

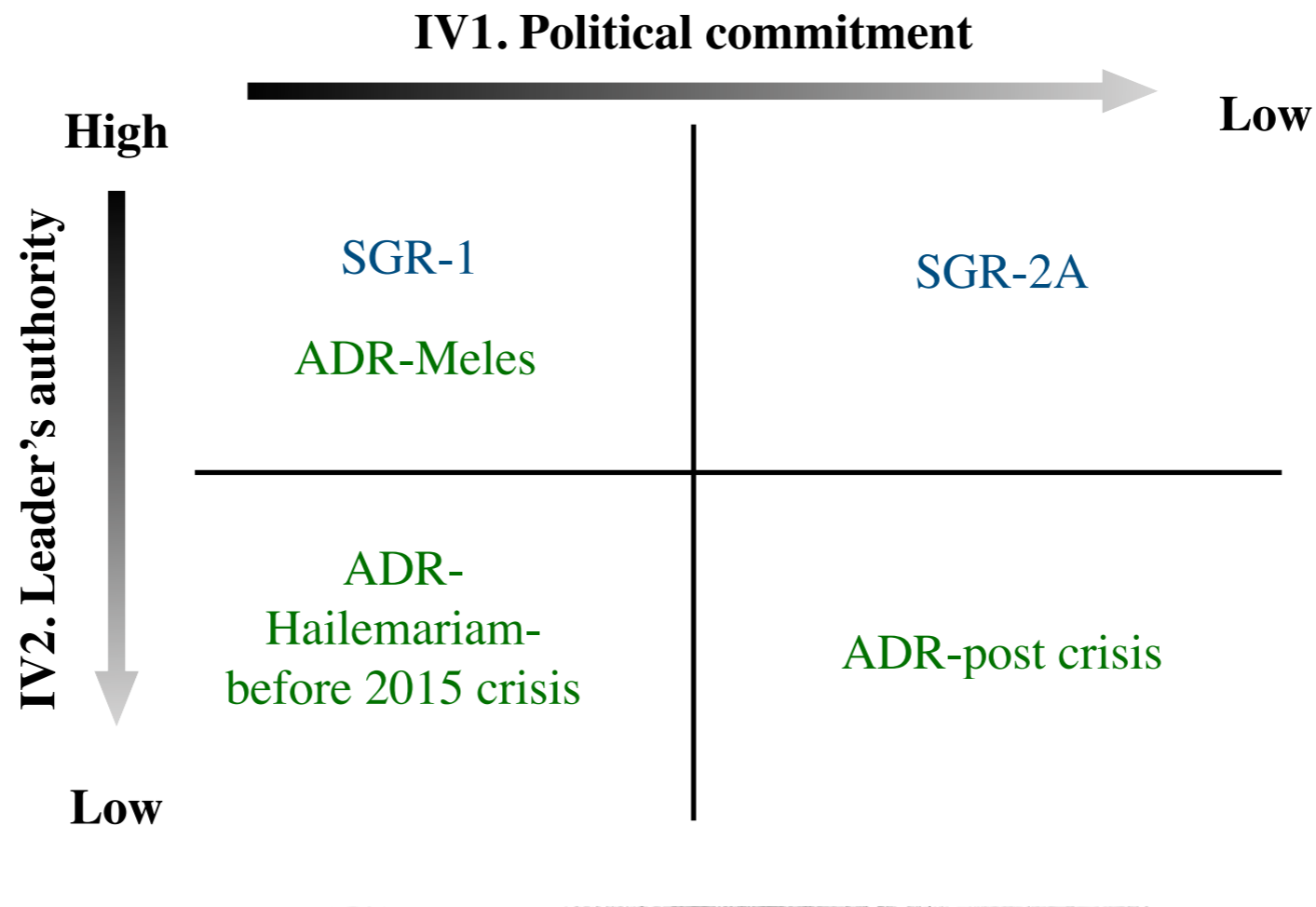


Table 2. Variation in dependent variable: project effectiveness

	Kenyan SGR-1	Kenyan SGR-2A	Ethiopian ADR
Timely completion	Halved contract schedule Met President's schedule	Met contract schedule Failed President's schedule	Met contract schedule 14-months delay in operation
Regular operation	4 passenger trains/day 10.5 freight trains/day	N/A	1 passenger train/day 4 freight trains/day

Standard Gauge Railway (SGR)

	SGR-Phase 1	SGR-Phase 2A
Contract Amount	USD 3.804 billion	USD 1.5 billion
Length	472km	120km
Funded by	The government of the Republic of Kenya (15%) and the Export-Import Bank of China (85%)	The government of the Republic of Kenya (15%) and the Export-Import Bank of China (85%)
Client	Kenya Railway Corporation (KRC)	Kenya Railway Corporation (KRC)
EPC Contractor	China Road and Bridges Corporation (CRBC)	China Road and Bridges Corporation (CRBC)
Construction commencement	December 2014	September 2017
Launch	May 2017	October 2019
Operator	China Road and Bridges Corporation (CRBC)	China Road and Bridges Corporation (CRBC)
Characteristics	single-track non-electric SGR from Mombasa to Nairobi (phase 1)	single-track non-electric SGR from Nairobi to Naivasha (phase 2A).
Speed capacity	freight trains: 80 km/hr passenger trains: 120km/hr	freight trains: 80 km/hr passenger trains: 120km/hr